

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2555  
ANSWERED ON:08.12.2006  
FINANCING SPECIAL ECONOMIC ZONE  
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Reserve Bank of India has advised the banks to treat Financing Special Economic Zone at par with the real estate;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the action taken by the banks in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c): Keeping in view the current market conditions, Reserve Bank of India (RBI) has issued guidelines on 20th September, 2006 advising commercial banks that the exposure of banks to entities for setting up Special Economic Zones (SEZs) or for acquisition of units in SEZs which include real estate would be treated as exposure to commercial real estate sector with immediate effect and banks would have to make provisions as also assign appropriate risk weights for such exposures as per the existing guidelines. Banks are required to comply with guidelines issued by RBI.